

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-2(c) WASSERMAN, JURISTA & STOLZ, P.C. 225 Millburn Avenue - Suite 207 P.O. Box 1029 Millburn, New Jersey 07041 Phone: (973) 467-2700 Fax: (973) 467-8126 Counsel to Debtor DANIEL M. STOLZ, ESQ. (DS-1897)
In Re: WALSH SECURITIES, INC., Debtor.

Case No.: 10-44845

Hon. Novalyn L. Winfield

Chapter: 11

**AFFIDAVIT OF ROBERT A. MAGNANINI IN OPPOSITION TO
MOTION OF CHEROKEE EQUITIES, LLC TO DISMISS BANKRUPTCY
FOR FAILURE TO FILE A PLAN UNDER 11 U.S.C. § 1112 AND FOR
LACK OF PROSECUTION OF THE BANKRUPTCY**

STATE OF NEW JERSEY }
 } SS.
COUNTY OF ESSEX }

ROBERT A. MAGNANINI, being of full age and duly sworn according to law, upon his oath, deposes and says the following:

1. I am an attorney at law of the State of New Jersey and a member of the firm of Stone & Magnanini, LLP, which firm maintains offices at 150 John F. Kennedy Parkway, Short Hills, New Jersey 07078.

2. Pursuant to this Court's January 26, 2011 Order, we represent Plaintiff Walsh Securities, Inc. ("Walsh Securities" or "WSI") as Special Litigation Counsel in the civil action

entitled *Walsh Securities, Inc. v. Cristo Properties, et al.*, pending in the District of New Jersey.

3. This affidavit is being provided in opposition to the motion of Cherokee Equities, LLC to dismiss this bankruptcy action and to provide the Court with an update on the status of the above-referenced civil action.

4. WSI has continued to vigorously prosecute this action by taking depositions, interviewing potential witnesses, serving subpoenas and obtaining additional documents. Fact discovery is complete and WSI intends to file a motion for partial summary judgment which the Court will take under consideration at the end of the year. Expert discovery is scheduled to conclude by April 2012, with a trial to follow on any remaining claims,

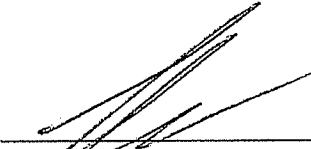
5. The title insurance companies, Commonwealth Land Title Insurance Company, Inc. ("Commonwealth"), Nations Title Insurance of New York Inc. ("Nations"), and Fidelity National Title Insurance Company of New York, Inc. ("Fidelity") (collectively the "Title Insurance Defendants"), are presently the only remaining defendants being actively pursued in the case.

6. On September 19, 2011, Walsh Securities declined to agree to the Title Insurance Defendants' request for a further 60 day extension of the discovery end date. Accordingly, pursuant to the Honorable Michael A. Shipp's Amended Scheduling Order, dated July 19, 2011, fact discovery was completed on October 10, 2011. *See* Amended Scheduling Order attached hereto as Exhibit A.

7. The parties are currently preparing summary judgment motions which are scheduled to be filed on November 10, 2011 and to be fully briefed by December 30, 2011, so that they can be considered and ruled on by the District Court while expert discovery occurs. *Id.*

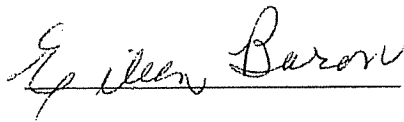
8. In addition, affirmative expert reports are to be served by January 30, 2012 and expert depositions shall be completed by April 2, 2012. *Id.*

9. Lastly, the parties have certain disputes pending before the Court. First, the parties are awaiting the Court's decision on whether the Title Insurance Defendants should be compelled to testify about the loss reserves that they set on the claims in this case, which is relevant to Walsh Securities' bad faith claims. Second, the parties are also awaiting the Court's decision on whether it will hold or order the parties to attend mediation between WSI and the Title Insurance Defendants with respect to the distribution of the settlement monies paid by Coastal Title Agency and currently held in escrow.



ROBERT A. MAGNANINI

Subscribed and Sworn to
Before Me on This 17 Day
of October, 2011.



EILEEN BARON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 3, 2011